



May 30, 2019

The Honorable Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Ex Parte* Submission re Form 470 Competitive Bidding of Internet
Modernizing the E-rate Program for Schools and Libraries -- WC Docket No. 13-184

Dear Ms. Dortch:

The State E-rate Coordinators' Alliance ("SECA") shares the concerns raised by Funds for Learning in its recent *ex parte* filing¹ in which they reported that nearly 700 applicants have \$23.7 million of E-rate funding in jeopardy due to unclear wording of the Form 470 Internet service option on their Form 470 applications. We join Funds for Learning in encouraging the Commission to issue a directive to the E-rate administrator to refrain from denying an Internet funding request on a Form 471 application provided that the applicant cited to a Form 470 that requested at least one kind of Internet service request.

Beginning in FY 2018, a great deal of confusion arose concerning applicant's service requests for **bundled Internet** service when the transport component was provided over a leased lit fiber circuit. Applicants were directed by the Administrator to select the "Leased Lit Fiber Service" option for Internet that may be potentially provided over a fiber circuit. Many applicants had no idea of this requirement, and it did not appear to be logical, since the name of the service did not include any reference to "Internet" in its description. The problem was brought to the Commission's attention via the submission of various *ex parte* letters in the spring of 2018.

In response to these concerns the Wireline Competition Bureau Chief and the Managing Director jointly signed a letter on May 1, 2018² that granted relief to affected applicants. The letter directed USAC to refrain from denying any Internet funding request that includes fiber transport even if the applicant did not choose the leased lit fiber service option on the Form 470. In other words, if an applicant relied on the plain language wording of the Internet service option "Internet Access and Transport Bundled" and then indicated on their Form 471 that the transport circuit was fiber, the funding request was accepted and not viewed as a competitive bidding or another rule violation. The Commission also directed USAC to implement modifications to the Form 470 for FY 2019 to resolve these issues.

Unfortunately, the modifications implemented for the FY 2019 Form 470 perpetuated the confusion over how to post bids for Internet. *As a result, applicants remained unsure this year which drop down selection to choose when seeking bids for Internet access in their FY 2019 Form 470 applications.* This year we saw record numbers of Form 470 applications posted for "Internet Access: ISP Service Only (No Transport Circuit Included)" submitted by applicants that were not, in fact, seeking bids for the rare commodity-only Internet access service

¹ <https://www.fcc.gov/ecfs/filing/10507490409811> Funds for Learning first filed an *ex parte* on this subject on March 8, 2019 (<https://www.fcc.gov/ecfs/filing/103082197030979>) which SECA filed a response in support thereof on April 2, 2019.

² <https://www.fcc.gov/document/fcc-guidance-usac-e-rate-competitive-bidding-rules-fy-2018> (DA 18-444)



(without a transport circuit). Unfortunately, these applicants are mostly small schools and libraries that lack the resources to understand all nuances of E-rate compliance, and thus did not understand the distinctions between the different types of Internet service requests on the Form 470.

While the Form 470 drop down choices may be clear to FCC regulators and USAC, they are not at all clear to applicants. Many applicants do not have any idea what is meant by a transport circuit, or ISP Only. When they receive a bill from their Internet vendor, the bill itemizes a single charge for Internet access. There often is no reference to a circuit or transport on the bill. These applicants understandably thought that the correct option to select on the Form 470 was the "Internet Access: ISP Service Only (No Transport Circuit Included)." Similarly, many applicants do not know what is meant by "bundled" Internet Access and Transport – since their bill simply indicates Internet service. They have no idea that there are two components or aspects of Internet service – the service itself and the circuit to deliver the service. When they order a DSL line or a cable modem or a FIOS Internet line from their Internet vendor, they receive and pay for what they believe is a single service – Internet.

Without the FCC's intervention and issuance of a similar letter to USAC for FY 2019, the 700 potentially impacted applicants are at risk for funding denials or later revocation of funding.³ We therefore respectfully urge the Commission to grant relief in FY 2019 as well as proactively grant relief for FY 2020, since the same format and Internet service choices will be used on the FY 2020 Form 470. Equally as important, we implore the Commission to direct USAC to immediately work with interested stakeholders to develop new, plain-language Form 470 drop down choices for FY 2021 in a collaborative manner, so they can be approved by the Commission and available as of July 1, 2020 in the EPC portal.

Thank you for your consideration and we would be happy to answer any questions concerning our requests.

Respectfully Submitted,

A handwritten signature in black ink that reads "Debra M. Kriete". The signature is written in a cursive, flowing style.

Debra M. Kriete, Chair
State E-Rate Coordinators' Alliance
1300 Bent Creek Blvd., Suite 102
Mechanicsburg, PA 17050
(717) 232-0222
dmkriete@comcast.net

³ Applicants are at risk for COMADs and RIFDs at a later time if a program rule violation is later detected even if the applicant initially receives funding approval.